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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000413

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SUBJECT: CODEL CHABOT TAIWAN VISIT: MEETINGS WITH
PRESIDENT CHEN, PREMIER SU, AND MAINLAND AFFAIRS COUNCIL

REF: A. TAIPEI 0271

[1](#)B. TAIPEI 0257

Classified By: AIT Director Stephen M. Young. Reason(s):
1.4 (B/D)

[1](#)1. (SBU) Summary. In his meetings with Taiwan leaders on February 21, Congressman Steve Chabot urged Taiwan to approve its 2007 defense budget as soon as possible and pledged the U.S. will continue to be a strong friend of Taiwan. President Chen Shui-bian, Premier Su Tseng-chang, and Mainland Affairs Council Chairman Joseph Wu expressed appreciation for U.S. congressional support of Taiwan and complained of PRC efforts to isolate Taiwan internationally. Su and Wu urged U.S. support for a bilateral FTA. Wu expressed his hope that tourism and direct cross-Strait charter flight agreements would be completed in the next few weeks. End Summary.

[1](#)2. (SBU) Congressman Steve Chabot (R-Ohio) visited Taiwan February 20-21, 2007, and held a full day of meetings with senior Taiwan leaders on February 21. In addition to the three substantive meetings discussed below, Vice Foreign Minister Catherine Chang (Hsiao-yueh) hosted a luncheon for the Congressman on behalf of Foreign Minister James Huang (Chih-fang), who was unavailable.

President Chen on Defense and Surprises

[1](#)3. (C) In his very relaxed and congenial meeting with Congressman Chabot and the AIT Director, President Chen Shui-bian's expressed appreciation for the support of the Congressman, as well as other members of the Congressional Taiwan Caucus. He particularly stressed Congressman Chabot's support for closer ties with Taiwan's leaders and his questioning of the U.S. one-China policy. Congressman Chabot, in turn, clarified that while he personally was unhappy with the one-China policy, it was the administration's policy, and was unlikely to change anytime soon.

[1](#)4. (C) Congressman Chabot expressed the concern widespread among Taiwan's friends in the U.S. over Taiwan's continued failure to pass a defense budget, including procurement of new weapons systems. Chen responded that his government will

continue to push the defense budget when the Legislative Yuan (LY) reconvenes next Tuesday, February 27. He opined that legislators worried about reelection will realize that voting for the island's defense is smart politics if they want to make the tough cut for the December LY elections.

15. (C) At one point Chen gently chided the Director for his concern "that I would somehow surprise him during my New Year's Eve remarks, but I told him he should not be worried. In fact, there was nothing in my New Year's remarks that should concern the U.S." After the meeting, the Director in a light mood asked President Chen if the U.S. could be equally relaxed about the President's upcoming remarks at next week's commemoration of the sixtieth anniversary of the 1947 February 28 event. Chen laughed, but appeared to get the point.

Premier Su on Defense, LY Elections, PRC Pressure

16. (SBU) Premier Su Tseng-chang welcomed Congressman Chabot as Taiwan's "best friend" and expressed appreciation for the Congressman's years of support for Taiwan. The Congressman conveyed greetings from Congressional Taiwan Caucus members, and urged Taiwan to pass its stalled defense budget. Premier Su nodded agreement, stating that the Chen administration had proposed increasing the defense budget to 2.85 percent of GDP this year and 3.0 percent next year. Unfortunately, he said, the ruling Democratic Progressive Party (DPP) was in the Legislative Yuan (LY) minority, which enabled the opposition to block action on the defense budget. The Congressman responded that he well understood, given the new Republican minority in the U.S. Congress.

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17. (SBU) Premier Su explained that a deep uncertainty grips Taiwan's legislators, who must fight for nominations for seats in the next LY, which will be half its current size -- 113 instead of the present 225 seats. Because of this change, Su explained, legislators are obsessed with the upcoming elections in which he predicted as many as two-thirds of the current legislators could lose their seats.

18. (SBU) Insisting that only the 23 million people of Taiwan can determine the future of Taiwan, Premier Su detailed PRC efforts to isolate Taiwan and block participation in WHO and other international organizations. At the same time, he argued, Taiwan is "a lighthouse" for China, a beacon of democracy and human rights, which was a major reason for Beijing's discomfort and hostility toward Taiwan. Su expressed appreciation for Congressman Chabot's opposition to the U.S. one-China policy and his support for upgrading Taiwan leadership transits of the U.S. The Congressman acknowledged his disagreement with U.S. Government policy on transits, pointing to his bill calling for senior Taiwan officials to be able to visit Washington and his and Senator Sherrod Brown's bill to support Taiwan observer status in WHO. The U.S., he reiterated, will continue to be a strong friend of Taiwan and will always "be there for Taiwan." He concurred with Su that the people of Taiwan must determine Taiwan's future.

MAC Chairman on Cross-Strait Progress, PRC Pressure

19. (SBU) Mainland Affairs Council (MAC) Chairman Joseph Wu (Jau-shieh) told Congressman Chabot that cross-Strait discussions are progressing "quite well." The two sides, he said, are currently discussing tourism and direct charter flights and should reach an agreement in the next few weeks to permit 1,000 PRC tourists each day to visit Taiwan via Hong Kong and Macau (see reftels). At the same time, he said, the two sides continue to discuss direct charter flights, initially on weekends, which would allow many of the

PRC tourists to fly directly to Taiwan. In response to the Congressman's query, Wu said Taiwan authorities are not concerned about security issues, as the agreement would permit PRC tourists to visit Taiwan only in groups, which would be easily monitored. These and the weekend charter flight discussions would build cross-Strait trust, while the agreements, in turn, would inform PRC people of the truth about Taiwan.

¶10. (SBU) Some other cross-Strait issues, such as Taiwan's 40 percent cap on Taiwan investment in the PRC, Wu noted, were too divisive to be addressed at this time. Congressman Chabot asked why Taiwan authorities would want to limit investment, stressing his belief that business should generally be allowed to make its own investment decisions. Wu responded that Taiwan authorities are concerned that excessive Taiwan investment in the PRC would make Taiwan too dependent on, and vulnerable to, the PRC. It was to counter this pressure, Wu argued, that Taiwan hopes for a Free Trade Agreement (FTA) with the U.S. Congressman Chabot emphasized his belief that unrestricted investment is the best policy for Taiwan, and argued that Taiwan investment would actually increase Taiwan influence in China. While he personally favors a U.S.-Taiwan FTA, the Congressman continued, this would be more difficult to accomplish with the new Democratic Congress, since Democrats tend to be less supportive of free trade.

¶11. (SBU) Chairman Wu told Congressman Chabot that he is concerned the U.S. is preoccupied with Iraq and the DPRK and unable to focus on East Asian issues. This, he feared, would allow the PRC to expand its influence in East Asia. At the same time, he continued, the PRC is working worldwide to limit and isolate Taiwan. Wu hoped U.S. criticism of Taiwan, such as the "harsh" February 9 statement on Taiwan's name changes, would not be the price for PRC cooperation on the DPRK nuclear issue. Congressman Chabot responded that the U.S. is committed to Taiwan and there was no reason to be concerned the U.S. would "sacrifice Taiwan." However, the U.S., Chabot continued, is concerned that Taiwan has not

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passed its 2007 defense budget, including funding for defense procurement. Even Taiwan's friends in Congress, he explained, are frustrated, and his own constituents were asking why the U.S. should be help defend Taiwan if Taiwan is not willing to defend itself. Wu responded that he fully agreed, but argued that it is the opposition LY majority that has blocked passage of the defense budget and U.S. weapons procurement.

¶12. (SBU) Sought meetings with KMT leaders Wang Jin-pyng and Ma Ying-jeou were not possible given the Lunar New Year holiday.

¶13. (SBU) Congressman Chabot was not able to review this message due to his brief time in Taipei.
YOUNG